



BEFORE THE  
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

**FILED**  
10-30-17  
04:59 PM

Order Instituting Investigation on the )  
Commission's Own Motion into the Rates, )  
Operations, Practices, Services and Facilities )  
of Southern California Edison Company )  
and San Diego Gas and Electric Company )  
Associated with the San Onofre Nuclear )  
Generating Station Units 2 and 3 )  
\_\_\_\_\_ )

I.12-10-013  
(Filed October 25, 2012)

And Related Matters. )  
\_\_\_\_\_ )

A.13-01-016  
A.13-03-005  
A.13-03-013  
A.13-03-014

**ALLIANCE FOR NUCLEAR RESPONSIBILITY'S  
STATUS CONFERENCE ISSUES STATEMENT**

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Date: October 30, 2017

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## **I. INTRODUCTION.**

Pursuant to the October 10, 2017 Joint Ruling of Assigned Commissioner and Administrative Law Judge Setting Status Conference (“October 10 Ruling”), the Alliance for Nuclear Responsibility (“A4NR”) respectfully submits its issues statement and scheduling comments concerning future actions by the California Public Utilities Commission (“Commission”) in this proceeding.

## **II. DISCUSSION OF ISSUES.**

A4NR urges the Commission, if it determines that the previously approved settlement fails to meet the requirements of Rule 12.1(d), to fashion a remedy that accurately reflects the extreme divergence in different vintages of dollars under the settlement. Far more than the low single-digit attrition rates seen in general rate cases, the use of a 10% discount rate in the D.14-11-040 settlement<sup>1</sup> significantly erodes the restorative value of post-2014 dollars. As consideration of A4NR’s 2015-filed Petition for Modification slides into 2018, the Commission should be acutely aware that the restitution of \$1 of ill-gotten gain from 2014 would require \$1.33 in 2017 (and will require \$1.46 in 2018) to achieve financial equivalence, and that D.14-11-040’s estimate of a \$3.3 billion ratepayer share of SONGS shutdown costs translates to \$4.4 billion when evaluated in 2017 (and \$4.8 billion in 2018).

A4NR has preliminarily estimated the current value of each of the eight bulleted issues identified at pages 10 – 11 of the October 10 Ruling as follows:

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<sup>1</sup> D.14-11-040, p. 32.

- *Whether to disallow a percentage of base plant, and if so what percent.*

**Disallowance of 50%<sup>2</sup> of base plant (including CWIP but not Nuclear Fuel or M&S) would be \$1,024.2 million in 2017 dollars.**

- *Whether to refund costs related to the replacement steam generators collected in rates prior to February 2012.*

**\$295.5 million in 2017 dollars.**

- *Whether to allow for a rate of return on any base plant eligible for recovery in customer rates.*

**\$214.3 million in 2017 dollars.**

- *Whether an additional \$86.95 million in refunds relating to 2012 expenses incurred at SONGS should be approved.*

**\$115.7 million in 2017 dollars.**

- *Whether the utilities should be directed to provide refunds for foregone sales revenues associated with SONGS between February 2012 and June of 2013.*

**\$366.3 million in 2017 dollars.**

- *Whether to disallow recovery of \$54.4 million in nuclear fuel contract cancelation costs.*

**\$54.4 million in 2017 dollars.**

- *Whether the utilities should be required to compensate ratepayers for the amount Mitsubishi Heavy Industries (MHI) was found to be liable under the replacement steam generator contractor (\$138 million).*

**\$170.8 million, including interest from Final Award, in 2017 dollars.**

- *Whether SCE should be responsible for the award of legal costs to MHI and its own legal costs for the International Chamber of Commerce (ICC) arbitration.*

**\$142 million in 2017 dollars.**

These eight items sum to \$2,383.2 million in 2017 dollars. Were the Commission to eliminate all future utility collections under the settlement as of yearend, when the settlement's 10% discount rate is applied to these future collections the result is a meagre \$706 million in 2017 dollars – slightly less than 30% of the amount A4NR considers presently in

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<sup>2</sup> 50% is the median value of potential base plant disallowance outcomes.

dispute under the October 10 Ruling. A4NR strongly recommends the Commission immediately suspend such collections while the I.12-10-013 proceeding remains pending, as several other parties have previously urged.

A4NR respectfully requests clarification of two sub-categories arising from the October 10 Ruling's identification of issues for testimony and briefing:

1. Does the recovery of base plant issue include recovery of the book value of nuclear fuel?

D.14-11-040 treats nuclear fuel and base plant identically in terms of amortization, albeit with different allowed return on investment. A4NR is deeply concerned that, while half the \$593 million fuel book value has already been amortized, no sales of nuclear fuel have taken place. Under the settlement, ratepayers were to receive 95% of net sale proceeds but A4NR has good reason to believe that a material portion of the fuel was known by the utilities to be unmarketable when D.14-11-040 was adopted.

A4NR has propounded discovery which it anticipates will lead to admissible evidence on this question.

2. Does reference to SCE's legal costs and its partial obligation for MHI legal costs also include SDG&E's similar responsibilities? A4NR has recently protested SDG&E AL 3127-E, and recommends that SDG&E's legal costs and its joint obligation for MHI legal costs also be reviewed in the I.12-10-013 proceeding.

### **III. SCHEDULING COMMENTS.**

A4NR will coordinate its efforts closely with the other consumer representatives for the remainder of the proceeding, including the joint presentations of witnesses and unified cross-

examination. Based on conversations to date, it expects to join in a request for a 14- or 15-day extension of the illustrative schedule's suggested dates for direct and rebuttal testimony. Assuming timely responses to its discovery requests, A4NR does not envision any other scheduling concerns.

Respectfully submitted,

By: /s/ John L. Geesman

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Date: October 30, 2017

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